



## Summary of Financial Results (Japanese GAAP) for the Second Quarter of Fiscal Year Ending December 31, 2023 (Non-consolidated)

August 14, 2023

Name of the listed company: Cacco Inc. Stock exchange listings: Tokyo Stock Exchange  
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 Scheduled date of filing of Quarterly Securities Report: August 14, 2023  
 Scheduled date of commencing dividend payments: –  
 Preparation of supplementary explanatory materials for quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Amounts less than one million yen have been omitted)

### 1. Results for the Second Quarter (2Q) of FY2023 (January 1, 2023 to June 30, 2023)

#### (1) Operating Results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023 2Q	513	-0.6	17	-79.7	17	-80.1	10	-82.5
FY2022 2Q	516	14.6	87	-8.0	88	-1.6	60	-2.3

	Net income per share	Diluted net income per share
	Yen	Yen
FY2023 2Q	3.99	3.88
FY2022 2Q	22.92	21.79

#### (2) Financial Position

	Total assets	Net assets	Capital ratio
	Millions of yen	Millions of yen	%
FY2023 2Q	1,517	1,404	92.6
FY2022	1,534	1,373	89.5

(Reference) Equity capital: FY2023 2Q 1,404 million yen FY2022 1,373 million yen

### 2. Dividends

	Annual dividend				
	1Q-end	2Q-end	3Q-end	FY-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	–	0.00	–	0.00	0.00
FY2023	–	0.00	–	0.00	0.00
FY2023 (Forecast)	–	–	–	0.00	0.00

(Note) Revisions to the most recently announced dividend forecast: None

### 3. Financial Forecasts for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% figures represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	933	-13.3	-187	-205.9	-190	-223.4	-190	-289.8	-72.33

(Note) Revisions to the most recently announced financial forecasts: None

\* Notes

(1) Application of special accounting methods for the preparation of quarterly financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

- |       |  |        |
|-------|--|--------|
| (i)   | Changes in accounting policies due to revision of accounting standards, etc. | : Yes  |
| (ii)  | Changes in accounting policies other than (i)                                | : None |
| (iii) | Changes in accounting estimates  | : None |
| (iv)  | Restatements   | : None |

(3) Number of shares issued (common stock)

(i)	Number of issued shares at the end of the period (including treasury shares)	FY2023 2Q	2,655,370 shares	FY2022	2,632,682 shares
(ii)	Number of treasury shares at the end of the period	FY2023 2Q	– shares	FY2022	– shares
(iii)	Average number of shares during the period	FY2023 2Q	2,640,680 shares	FY2022 2Q	2,629,590 shares

\* The quarterly financial statements are not subject to auditing by certified public accountants or auditing firms.

\* Explanation regarding the appropriate use of financial forecasts and other special notes

(Cautionary note regarding forward-looking statements, etc.)

The forward-looking statements, including business forecasts, etc., contained in this document are based on the information currently available to us and on certain assumptions deemed reasonable, and are not intended as a guarantee by the Company that they will be achieved. Actual results may differ significantly from these forecasts due to various factors. Please refer to "1. Qualitative Information on Financial Results for the First Quarter of FY2023 (3) Summary of Financial Forecasts and Other Forward-Looking Information" on page 3 of the attached documents for matters concerning financial forecasts.

(How to obtain supplementary explanatory materials and explanations of financial results for the current quarter)

The supplementary explanatory materials "Financial Results for the Second Quarter of Fiscal Year Ending December 31, 2023" will be disclosed on TDnet on the same day and then posted on the Company's website. In addition, we are scheduled to hold a briefing session for institutional investors and analysts on Monday, August 14, 2023. Video of this briefing session and the materials for the financial results briefing to be distributed on that day will be promptly posted on our website after the briefing.

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## 1. Qualitative Information on Financial Results for the Second Quarter of FY2023

### (1) Summary of Operating Results

During the first half of the current fiscal year (January 1, 2023 to June 30, 2023), the Japanese economy continued to recover, albeit at a moderate pace, as the employment and income environment improved and partly owing to the effect of various government policies. However, with ongoing global monetary tightening and other factors, the outlook remains uncertain, as a downturn in overseas economies is a risk that will put downward pressure on Japan's economy.

According to the "FY2021 Report on Commissioned Industrial and Economic Research (Market Research on Electronic Commerce)" published by the Ministry of Economy, Trade and Industry, the size of the business-to consumer EC (BtoC-EC) market as a whole in 2021 was 20.6 trillion yen (up 7.35% year on year), continuing to grow at a high growth rate. The BtoC-EC market continues to grow steadily, as shown by the increase of 0.7 percentage points to 8.78% of the EC ratio (the ratio of the size of the EC market to the size of the entire commerce market).

On the other hand, there has been a sharp increase in damage caused in recent years by the theft and unauthorized use of credit card numbers and other information. In response to this trend, the amended Installment Sales Act mandates that necessary measures be taken to prevent the fraudulent use of credit card numbers and the like. In addition, the "Credit Card Security Guidelines Version 4.0 (Credit Card Transaction Security Council)," which serve as practical guidelines for such responses, require member businesses to introduce measures such as "attribute and behavior analysis (fraud detection system)" in accordance with the risk situation as a countermeasure against fraudulent use of credit cards in non-face-to-face transactions. As such, social demands for anti-fraud measures have been increasing more than ever.

In this current business environment, we have been offering a business that engages in the provision of SaaS-type algorithms to support companies in solving problems and coping with challenges by developing and providing algorithms and software based on our security payment data science technology and know-how in a way that aligns with our management vision of "Shaping the 'Let's Do It' mentality into the next game changer."

As for our fraud detection services, we expanded the functions of O-PLUX, our fraudulent order detection service, including the release of a function to detect orders made by fraudsters using multiple shopping sites. This feature uses data collected from various merchants, which is an effective countermeasure against resale. In addition, we strived to improve the added value of our products as we launched Fraud Checker Plan for Credit Master Attacks as a countermeasure against credit master attacks, which are made by fraudsters who attempt to figure out valid credit card numbers held by cardholders in accordance with the regularity of the numbers. As a result, the amount of O-PLUX's recurring revenue (the sum of the monthly fee, which is a flat-rate charge, and the screening fee, which is a pay-as-you-go fee based on the number of screenings; including Fraud Checker) for the first half of the current fiscal year was 373,544 thousand yen (down 0.0% year on year). Also, with regard to our unauthorized access detection services, we launched Ironclad Defense Pack for Phishing, a one-stop anti-phishing package that detects phishing e-mails and websites used to fraudulently obtain information and prevents spoofing logins attempted with such fraudulently obtained personal information.

In our Payment Consulting Services, we worked to secure orders for SaaS-type BNPL systems, and in the Data Science Services, we worked to secure orders for data analysis projects.

As a result of the above, net sales for the second quarter of the current fiscal year were 513,159 thousand yen (down 0.6% year on year), operating income was 17,721 thousand yen (down 79.7% year on year), ordinary income was 17,664 thousand yen (down 80.1% year on year), and net income was 10,530 thousand yen (down 82.5% year on year).

Segment information is omitted because the Company has a single segment involved with the provision of SaaS-type algorithms.

### (2) Summary of Financial Position

#### (Assets)

Current assets at the end of the second quarter of the current fiscal year were 1,059,740 thousand yen, a decrease of 34,735 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 32,099 thousand yen in cash and deposits. Non-current assets were 457,700 thousand yen, an increase of 17,815 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 42,364 thousand yen in investments and other assets.

As a result, total assets amounted to 1,517,441 thousand yen, a decrease of 16,919 thousand yen from the end of the previous fiscal year.

#### (Liabilities)

Current liabilities at the end of the second quarter of the current fiscal year were 112,823 thousand yen, a decrease of 48,309 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 8,820 thousand yen in accounts payable-trade. There are no non-current liabilities.

As a result, total liabilities amounted to 112,823 thousand yen, a decrease of 48,309 thousand yen from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the second quarter of the current fiscal year were 1,404,617 thousand yen, an increase of 31,390 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 10,530 thousand yen in retained earnings as a result of the recording of quarterly net income.

As a result, the capital ratio was 92.6% (89.5% at the end of the previous fiscal year).

(2) Status of cash flows

Cash and cash equivalents (hereinafter "cash") at the end of the second quarter of the current fiscal year were 929,972 thousand yen, a decrease of 32,099 thousand yen from the end of the previous fiscal year. The status and components of each cash flow during the cumulative period through the second quarter of the current fiscal year are as follows:

(Cash flows from operating activities)

Cash flows from operating activities resulted in a net inflow of 22,853 thousand yen. This was mainly due to recognition of income before income taxes of 17,664 thousand yen, despite income taxes paid of 17,941 thousand yen and a decrease of 19,764 thousand yen in other current assets.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net outflow of 62,693 thousand yen. The main factor was expenditures of 36,960 thousand yen for the purchase of intangible assets.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a net inflow of 7,740 thousand yen. The main factor was proceeds of 9,000 thousand yen from short-term borrowings.

(3) Summary of Financial Forecasts and Other Forward-Looking Information

There are no revisions to the full-year financial forecasts for the FY2023 announced on February 13, 2023 in the Summary of Financial Results for Fiscal Year Ended December 31, 2022.

## 2. Quarterly Financial Statements and Significant Notes Thereto

## (1) Quarterly Balance Sheet

(Unit: thousand yen)

	FY2022 (As of December 31, 2022)	FY2023 2Q (As of June 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	962,072	929,972
Accounts receivable – trade	117,182	93,958
Other	15,221	35,809
Total current assets	1,094,476	1,059,740
Non-current assets		
Property, plant and equipment	11,306	11,813
Intangible assets		
Software	349,519	327,886
Software in progress	5,625	2,340
Other	924	786
Total intangible assets	356,068	331,012
Investments and other assets		
Other	92,510	134,377
Allowance for doubtful accounts	-20,000	-19,503
Total investments and other assets	72,510	114,874
Total non-current assets	439,884	457,700
Total assets	1,534,360	1,517,441
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	24,764	15,944
Short-term borrowings	–	9,000
Current portion of long-term borrowings	1,797	–
Income taxes payable	23,314	11,431
Provision for bonuses	9,468	13,524
Other	101,789	62,923
Total current liabilities	161,133	112,823
Total liabilities	161,133	112,823
<b>Net assets</b>		
Shareholders' equity		
Share capital	365,518	374,767
Capital surplus	541,729	550,978
Retained earnings	465,188	475,718
Total shareholders' equity	1,372,436	1,401,464
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	791	3,153
Total valuation and translation adjustments	791	3,153
Total net assets	1,373,227	1,404,617
Total liabilities and net assets	1,534,360	1,517,441

(2) Quarterly Statement of Income  
(The second quarter of FY2023)

(Unit: thousand yen)

	The second quarter of FY2022 (From January 1, 2022 to June 30, 2022)	The second quarter of FY2023 (From January 1, 2023 to June 30, 2023)
Net sales	516,116	513,159
Cost of sales	160,967	171,697
Gross profit	355,148	341,462
Selling, general and administrative expenses	268,058	323,740
Operating income	87,089	17,721
Non-operating income		
Interest and dividend income	139	173
Consulting fee income	1,800	—
Reversal of provision for doubtful accounts	—	496
Other	3	198
Total non-operating income	1,943	868
Non-operating expenses		
Interest expenses	33	15
Other	172	909
Total non-operating expenses	205	925
Ordinary income	88,827	17,664
Income before income taxes	88,827	17,664
Income taxes – current	13,866	7,014
Income taxes – deferred	14,687	119
Total income taxes	28,554	7,134
Net income	60,273	10,530

## (3) Quarterly Statement of Cash Flows

(Unit: thousand yen)

	The second quarter of FY2022 (From January 1, 2022 to June 30, 2022)	The second quarter of FY2023 (From January 1, 2023 to June 30, 2023)
Cash flow from operating activities		
Income before income taxes	88,827	17,664
Depreciation and amortization	43,086	47,267
Increase (decrease) in provision for bonuses	-1,311	4,055
Interest and dividend income	-139	-173
Interest expenses	33	15
Increase (decrease) in provision for doubtful accounts	—	-496
Decrease (increase) in trade receivables	18,453	19,633
Decrease (increase) in inventories	-46	—
Decrease (increase) in other current assets	3,150	-19,764
Increase (decrease) in trade payables	-13,746	-8,820
Increase (decrease) in other current liabilities	-23,543	-19,157
Other	—	413
Subtotal	114,764	40,637
Interest and dividends received	139	173
Interest paid	-33	-15
Income taxes paid	-14,022	-17,941
Cash flow from operating activities	100,847	22,853
Cash flow from investing activities		
Purchase of property, plant and equipment	-2,090	-2,858
Purchase of intangible assets	-1,800	-36,960
Purchase of investment securities	-50,354	-23,183
Other	—	308
Cash flow from investing activities	-54,244	-62,693
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	—	9,000
Repayments of long-term borrowings	-2,142	-1,797
Proceeds from issuance of shares	1,520	537
Cash flow from financing activities	-621	7,740
Net increase (decrease) in cash and cash equivalents	45,981	-32,099
Cash and cash equivalents at beginning of period	800,647	962,072
Cash and cash equivalents at end of period	846,628	929,972



(4) Notes to the Quarterly Financial Statements

(Notes on going concern assumption)

Not applicable

(Notes in the event of significant changes in the amount of shareholders' equity)

Not applicable

(Change in accounting policy)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021; hereinafter referred to as "Implementation Guidance on Accounting Standard for Fair Value Measurement") is applied from the beginning of the first quarter of the current fiscal year, and the new accounting policy prescribed by the Guidance is applied prospectively in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This has no impact on the quarterly financial statements.

(Segment information, etc.)

[Segment information]

For the second quarter of FY2022 (From January 1, 2022 to June 30, 2022)

Segment information is omitted because the Company has a single segment involved with the provision of SaaS-type algorithms.

For the second quarter of FY2023 (From January 1, 2023 to June 30, 2023)

Segment information is omitted because the Company has a single segment involved with the provision of SaaS-type algorithms.

(Significant subsequent events)

Not applicable